Message Text

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PAGE 01 JAKART 07560 090955Z ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 PA-01 PRS-01 LAB-04 SIL-01 /106 W

-----091050Z 129222 /10

R 090700Z JUN 77 FM AMEMBASSY JAKARTA TO SECSTATE WASHDC 1624

LIMITED OFFICIAL USE JAKARTA 7560

E.O. 11652: N/A

TAGS: BDIS, ENRG, ID

SUBJECT: ETHYL-PERTAMINA CONTRACT DISPUTE

REF: JAKARTA 3359

- 1. AMBASSADOR AND EMBOFF CALLED ON MINES MINISTER SADLI AND OIL AND GAS DIRECTOR WIJARSO JUNE 7 TO DISCUSS STATUS OF ETHYL'S CONTRACT PROBLEMS WITH PERTAMINA. ETHYL HAD REQUESTED EMBASSY'S INTERVENTION AT MINISTERIAL LEVEL FOLLOWING NEARLY THREE MONTHS OF FRUITLESS DISCUSSIONS WITH PERTAMINA, INCLUDING TWO MEETINGS WITH GEN. HARYONO.
- 2. WE PRESENTED BACKGROUND OF CONTRACT DISPUTE TO BOTH OFFICIALS, STRESSED THAT ETHYL SEEKING CHANCE TO MAKE REVISED BID FOR SUPPLY OF ANTI-KNOCK COMPOUND, AND SUGGESTED THAT PERTAMINA MEET WITH ETHYL'S REPRESENTATIVE TO WORK OUT SATISFACTORY SOLUTION. ETHYL, IT SEEMED TO US, WAS SERIOUSLY TRYING TO DEVELOP SATISFACTORY LONG-TERM BUSINESS RELATIONSHIP WITH PERTAMINA. WE MADE POINT THAT, IN CONTEXT OF OVERALL INVESTMENT CLIMATE PLUS CURRENT GOI EFFORT TO TIDY UP ALL LOOSE ENDS IN PERTAMINA, SOME FORM OF SETTLEMENT WOULD SEEM TO BE IN GOI'S BEST LIMITED OFFICIAL USE

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INTERESTS.

3. SADLI EXPLAINED THAT HE HAD ONLY RECENTLY BECOME FAMILIAR WITH CASE. HE WAS NOT SURE WHAT ACTUAL SUPPLY COMMITEMENTS HAD BEEN . WHILE NOT OFFERING DEFINITE SOLUTION, SADLI AND WIJARSO SAID ONE POSSIBILITY MIGHT BE TO "RE-OPEN" TENDER AND ALLOW ETHYL CHANCE TO BID. THEY

PROMISED TO LOOK INTO ETHYL'S PROBLEM AND BRING MATTER
TO ATTENTION OF HARYONO.
NEWSOM

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NNN

Message Attributes

Automatic Decaptioning: X

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Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW

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TAGS: BDIS, ENRG, ID, PERTAMINA, ETHYL

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